

Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 23, 2012

CERTIFIED RETURN RECEIPT 7009 3410 0001 4202 8690

Darin Olson ECDC Environmental 1111 West Highway 123 P. O. Box 69 East Carbon City, Utah 84520

Subject: Evaluation of Reclamation Surety, ECDC Environmental, ECDC Clay Mine,

M/015/0062, Emery County, Utah

Dear Mr. Olson:

The last reclamation cost estimate for the ECDC Clay mine was completed in 2006 with the surety amount being escalated to 2011 dollars, so the reclamation surety amount is now due for review and adjustment. The Division of Oil, Gas and Mining may adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index (rule R647-4-113.6).

The Division used the calculation from 2006, applied actual changes in costs to adjust the figure to 2011, then used a five-year average (1.7 percent) to adjust the figure to 2016 dollars. As shown in the attached spreadsheet, the resulting amount is \$71,100.00.

The current reclamation surety is for \$68,400.00 in the form of a surety bond. The surety can be increased by supplying a rider to the surety bond or by providing cash, a certificate of deposit, or a letter of credit for either the increased or total amount. If you supply an alternate form of surety for the total amount, the Division would release the existing surety. Please contact Penny Berry at 801-538-5291 or by e mail at bondcoordinator@utah.gov with questions about increasing the surety amount.

Please provide the increased surety by March 23, 2012.



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The Division also requests that you review the current Notice of Intention to Conduct Large Mining Operations (NOI) to ensure it is adequate and reflects the current operating conditions. Any necessary changes should be addressed by submitting an amendment to the NOI.

Thank you for your cooperation. Please call me at 801-538-5261 or e mail me at paulbaker@utah.gov if you have questions about this letter.

Sincerely,

Paul B. Baker

Mining Program Manager

PBB:pb
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ECDC Clay Mine	M/01	5/0062		
Surety Escalation	January 23, 2012			
	Percentage increase/year		Surety amount in <year> dollars</year>	
	2001	4.21%	1.0421	
	2002	2.02%	1.0202	\$0.00
	2003	1.71%	1.0171	\$0.00
	2004	0.84%	1.0084	\$0.00
	2005	3.99%	1.0399	\$0.00
	2006	5.44%	1.0544	\$59,952.00
	2007	2.12%	1.0212	\$63,213.39
	2008	-3.40%	0.966	\$64,553.51
	2009	2.90%	1.029	\$62,358.69
	2010	1.80%	1.018	\$64,167.10
	2011			\$65,322.10
	2016		1.017	\$71,066.50
Rounded to nearest \$100				\$71,100.00

Note: The surety amount is listed in the row of the year in which it was calculated. The escalation factor for a year is applied to the surety amount to take it to the next year.